



## The Impact of Balance Score Card on the Institutional Excellence in Charitable Societies in the Kingdom of Saudi Arabia

Abdulaziz Hamad K Al Sulaim<sup>1</sup>; Ahmed Abdul Malik<sup>2</sup>, [Mohammad Nashief s. Disomimba<sup>3</sup>](#)

<sup>1</sup>Faculty of Leadership and Management, University of Saints Islam Malaysia, Email: (azalsulaim@gmail.com)

<sup>2</sup>Faculty of Leadership and Management, University of Saints Islam Malaysia, Email: (ahmeda.malek@usim.edu.my)

<sup>3</sup>Faculty of Leadership and Management, University of Saints Islam Malaysia, Email: (mohammadnashief@usim.edu.my)

### Information of Article

Article history:

Received: 15 Aug 2023

Accepted: 14 Sep 2023

Available online: 15 Sep 2023

Keywords:

Balance scorecard, Beneficiaries, Operations, Learning, Financial, Performance management, Institutional excellence, Charitable societies, Kingdom of Saudi Arabia

### ABSTRACT

The primary objective was to shed light on how the dimensions of the Balanced Scorecard (BSC) influence Beneficiary Experience Management (BEM) within charitable organizations in the region. Employing a quantitative methodology, the study analyzed responses from 382 representatives, each occupying one of five pivotal executive roles, spread across 150 charitable associations. The data, meticulously collected via structured questionnaires, underwent a comprehensive direct effect analysis. The results revealed a notable correlation between each BSC dimension and BEM. Remarkably, operational efficiency emerged as the predominant influencer, emphasizing the need for these organizations to adopt a nuanced, multi-dimensional strategy for enhancing beneficiary experiences. By unearthing these insights, this study offers charitable societies a roadmap to harness the potential of the BSC, with the broader goal of achieving institutional excellence and improved beneficiary satisfaction.

### 1. Introduction

The balanced scorecard card (BSC) is a performance measurement that is the essence of excellence, without which development and improvement cannot be achieved, according to Zairi (114: 2014), who quotes the mathematician Grace Hopper, "One accurate measure is better than a thousand expert opinions," and mentioned Nevin (49: 1437). It was defined by Onis (2016: 13) that performance is the ability of the institution to achieve its goals according to the set standards and in the light of its interaction with the environment as a result of using the resources available in it with efficient and effective behaviour. In 1960, when the newly elected President John Kennedy appointed Robert McNamara as Secretary of Defense, one of his first pledges was to monitor centralised decision-making within the Department of Defense, so he resorted to the (PPBS) system, which is a budgeting system and a set of analytical techniques developed by the Rand Corporation. Then, he dissolved the zero-budget system (MBO) and replaced the PPBS system. The seventies were a period of a boom in systems and programs that appeared until they disappeared. Then, the eighties witnessed the rise of the productivity improvement and quality management program, and this culminated in the approval of the President's Award for Quality in 1988 AD, closely aligned with Malcolm Paldrige National Award for Quality, and in 2002, President George W. Bush introduced the Chief Administrative Officer (PMA) program, which he directed in the text of his document that "what matters most is performance and results." Through those stages that illustrate the importance of measuring results and what I have gone through in the states At the level of the higher political leadership, we find the need for clarity of vision of the importance of measurement processes for results, which in turn highlights the importance of setting numerical targets that can be measured based on three principles, as mentioned by Nevin (1437: 5) "And between George W. Bush, the three principles of government reform are: To be The citizen is the focus of attention instead of bureaucracy, orientation towards achieving results, orientation towards the market by promoting innovation activities rather than stifling them." From this, it becomes clear that achieving positive results is for the customer in the first place. This performance is considered one of the most successful tools to achieve this, according to this adoption by the highest authority of the first state in the world at the time.

The US government was not the only one in the world in that. Still, "many institutions adopted the application of the BSC and adopted the traffic light principle: green, yellow, red to express the need for improvements, and the US administration at that time used the (PMA) program for each administration in Federal government". Nevin (1437:50). "In the early 1990s, Kaplan and Norton sought to solve the scaling problem plaguing companies worldwide as business dynamics were rapidly changing due to globalisation, customer knowledge, and the rise of intangible assets. They all converge at a point of certainty: the inevitability of radical change in Business Management, where the facts show that about 90% of organisations cannot implement their strategies. Nevin (1437: 8-9) added: "Kaplan and Norton came to the amazing discovery that the performance measurement systems used in most companies could not provide the information necessary to compete in this new knowledge economy. Most of them did not change from those developed by industry giants." Organisations invest in information technology, to improve their economic performance by advancing information dissemination, decision-making, organisational capacities, organisational excellence, receptiveness, and delivery (Araya, Dahalan, & Muhammad, 2021). At the beginning of the twentieth century, these systems were characterised by almost exclusive reliance on financial performance measures, and these systems were ill-prepared for the challenges faced by modern organisations. Nevin added, "Kaplan and Norton believe that organisations should try to introduce balance into their measurement systems. Specifically, financial procedures' historical accuracy and fairness must be balanced with the drivers of future financial performance to showcase a wide range of performance and strategy implementation. Sporadic is linked together by the principle of cause and effect: customers, internal operations, employee education and development, and finance. Many companies worldwide have adopted BSC since its introduction in 1990, and recent estimates suggest that at least 60% of the companies in the Fortune 1000 use the BSC system."

On the other hand, the race for knowledge management development continued in the study and development centres for many business models. Since 1990 at Harvard University, Robert Kaplan and David Norton have developed a strategic planning program to address the shortcomings of organisations from not being able to apply strategies on the ground and follow them up. They devised a framework for building the strategic plan and called it the BSC Nevin (8:1437). That framework aims to link the strategic plan to the operational reality and turn it into work methodologies. As reported by Kaplan & Norton (1996: 36), "BSC is best defined for Strategic Business Units (SBUs). The ideal BSC strategic business unit performs activities across the entire value chain: innovation, operations, marketing, distribution, selling, and services." And since non-profit organisations are very similar in all areas drawn by the BSC on the principle of causality: customers, internal operations, education and development of employees, and the financial field, they face the same challenges that require accountability and transparency that the balanced scorecard card has achieved in profit organisations despite its great success. Nevin added (9-10: 1437): "There is no doubt that non-profit organisations are not immune from the storms of change swirling around our modern world, whether small or large. It has one feature, which is non-profitability. Insightful audits of the non-profit sector are carried out with unparalleled enthusiasm and applied everywhere globally. "Then he mentioned organisations subject to public investigations due to lack transparency and accountability." The concept of institutional excellence (BEM) is a state of excellence in the performance of the organisation, and it occurs as a result of organised, continuous and sustainable efforts that achieve the aspirations of all concerned. (1443: 59).

The European Quality Foundation EFQM (2019: 17) defines it as "the organisation's achievement of impressive and sustainable results that meet or exceed the expectations of stakeholders." By reviewing the international excellence awards, it is clear that excellence began in Japan through the Deming Award for Excellence, established in 1951. According to Al-Wahaibi (2019: 311), interest in excellence as a concept began in the early 1980s when Tom Peters and his colleague Robert Waterman wrote their book (In Search of Excellence) in 1982 as a response to the excellence of Japanese companies in the 1960s. Abu Zaid (2021: 99) mentioned the motives and dimensions of institutional excellence. The most prominent motives he mentioned are rapid change and development, global competition, maintaining the organisation's position, quality of performance, and technology development, and the basic dimensions of excellence are leadership, service, human, and cognitive.

On the other hand, if we look at the most prominent obstacles that weaken the demand for institutional excellence in senior and middle leadership, we find, according to Kalajah (2021: 32), lack of focus on a long-term strategy, insufficient awareness of the requirements of customers and suppliers, insufficient incentive system to suit the distinguished, lack of clarity of responsibilities Among the levels of management, there is little interest in developing human resources.

This study aims to determine the impact of balanced scorecard card variables (beneficiaries, operations, learning, financial, and performance management) on institutional excellence in charitable societies in the Kingdom of Saudi

Arabia. The remaining sections of this paper are designed as follows: Section 2 defines the literature review towards the study variables; Section 3 focuses on illustrating the model used in the study as well as the hypothesis development; Section 4 shows the methodology used; Section 5 analysis the collected data; Section 6 discusses the findings and compare them with the results of previous studies; and finally, Section 7 represents conclusion which includes future research directions.

## 2. Literature Review

### 2.1 Balanced Score Card (BSC)

Noureddine and Wafaa (2014: 235) mentioned that the BSC Balanced Scorecard is called the "Future Leadership Schedule" and is a new tool for managing and monitoring performance. It also unifies all the standards the establishment uses, "A framework for building the organisation's strategic plan, which aims to link the strategic plan to the operational reality and transform it into work methodologies. , the added value over the prevailing strategic planning at the time was represented in the development of KPIs strategic performance indicators, and the second building of the strategic plan on the principle of cause and effect. Wafaa (2015: 346) mentioned the reason for calling the BSC model the term "balanced performance" due to three main reasons:

- 1- BSC aims to balance external measures related to customers and shareholders and internal measures related to internal operations, learning and growth.
- 2- The BSC aims to balance the measures that show the results from previous decisions, to which lag indicators are applied, and the indicators that help predict future performance and move performance towards the desired direction, called lead indicators.
- 3- The BSC aims to achieve a balance between the hard financial measures and the soft non-financial measures.

According to Radi (2015: 323), institutional performance is an integrated system for the production of tasks and actions of administrative units in institutions in the light of their interaction with the internal and external environment, which leads to their excellence in work and doubles their ability to accomplish the tasks and actions required of them efficiently and effectively. To achieve the organisation's long-term goals, therefore, BSC has absorbed the organisation's basic operations on four perspectives (dimensions) common to all organisations, whether for-profit or non-profit, as a minimum. In addition, the BSC is an assessment tool as well as a strategic leadership tool. Fatima and Khalida (2020: 1). According to what Norton and Kaplan mentioned in their book "Strategy Maps" (Hanna et al., 2011) explain what is meant by these dimensions as follows:

- A. The financial dimension measures the company's success in increasing its shareholders' value, i.e., whether the strategy improves the organisation's financial situation. This is done through "revenue growth such as increasing the number of products and services, increasing the number of customers, relying on new strategies in pricing, as well as through reducing costs: reducing the costs of products and services, reducing the costs of distribution outlets, efficient investment and asset management" Al-Asheq (2016: 29) .
- B. Beneficiaries dimension: It includes the strategic objectives directly related to customers, increasing their satisfaction, diversifying, and increasing their categories. It measures practices that achieve expansion in categories and an increase in the number of customers, in addition to increasing customer satisfaction, their continuity and increasing their loyalty to the association. By satisfying the needs and fulfilling the desires according to the mission of the organisation.
- C. The dimension of internal business operations: It includes the strategic objectives related to services, products, and processes that link the customer with the organisation that is represented by service providers, services provided to them, or knowledge, whether as part of the service or in relation to the organisation, in addition to that this dimension is related to internal processes that contribute in a way Direct or indirect in improving and sustaining service such as technology, quality, governance, innovation and marketing. It measures how processes must be implemented within the organisation in order to increase the efficiency of the organisation itself.
- D. Learning and growth dimension: This dimension is concerned with the field of human resources, knowledge and the work environment. It works on developing capabilities and skills, raising satisfaction and loyalty rates, providing information and systems, and what is related to the distribution of roles on the work team in terms of powers, job descriptions, structures, plans, etc., in addition to providing an environment Safe and healthy It provides safety and integrated equipment for employees to carry out their work with the best capabilities. (BRZAKOVIĆ, Pavle, et al. 2022)

In order to link these perspectives to each other, the strategic map was designed, as it is indeed a map that shows the launch of the stations that the strategic plan takes and the goal it wants to reach. Distributed according to the four

perspectives, the goals related to customers in the perspective of customers, and the goals related to operations in the perspective of operations such as technology, media, marketing and quality, as well as goals related to human resources, infrastructure and organisational in the perspective of learning and growth, and what is related to the financial aspects of investment, sustainability and management in the financial perspective. Number and arrangement These perspectives are based on the type of organisation and the planners' vision for the reasons and results. Profit organisations, for example, are the top financial perspective, which is considered the main goal for establishing these organisations, and the customer perspective is in the second place, as caring for customers and creating services for them achieves expansion in the markets and more sales and profits. The reason and the financial perspective are a result, and the objectives of the operations perspective are in third place, representing the reason for the quality and distinction of services and means of reaching customers.

The quality of training, the culture of the organisation, the administrative and leadership behaviour of empowerment, centralisation, the distribution of powers, consultation, and working as a team all contribute to the quality of the human cadre, which in turn will innovate in the processes that in turn dazzle the customers and increase them, which increases and expands the market share of the organisation, so sales increase as a result of attractive products and services. All this sequencing and sequencing is a product of the strategic planning philosophy of the BSC. The BSC is fully compatible with modern systems theory, and we will clarify this by downloading the BSC on systems theory. Saadi stated: The system is parts or elements, including an interaction process in an integrative manner that leads to the achievement of the overall goal. As Bertalanvi said, "Partial analysis of any phenomenon without taking into account the overall framework from which this phenomenon falls does not lead to the desired benefit from this analysis." Bertalanvi states, "To understand a total unit, one must accurately understand its dependent parts on each other." Saadi (2020: 20). If we want to adapt the BSC to systems theory, we find that it is consistent.

## *2.2 Institutional Excellence (BEM)*

BEMs have received interest from not-for-profit organisations, mainly due to pressure from governments, donors, and society to improve their performance. In the United States, several state-sponsored non-profit associations of excellence have been created to improve the effectiveness of non-profit organisations. Saleh and Dolah (2022). EFQM (2019: 13) defines it as "achieving outstanding and sustainable results that meet or exceed the expectations of stakeholders," and the Charitable Excellence Award defines it as "a state of excellence in the organisation's institutional performance, which occurs as a result of organised, continuous and sustainable efforts that fulfil the aspirations of all stakeholders." Prize Guide (1443: 59). It is clear from these two definitions that excellence is an achievement achieved by the organisation for goals characterised by satisfying the needs of the beneficiaries and the needs of all other internal and external stakeholders. Abu Libdeh (1439: 49) mentioned that excellence has no prohibitive limits or an intellectual and administrative pattern that can occur in various organisations, large and small, and according to the nature of their work, governmental or otherwise. (Al-Dalaeen, 2020) considers BEM institutional excellence as the organisation's endeavour to exploit critical opportunities preceded by effective strategic planning and commitment to realising a common vision dominated by the clarity of purpose, all sources, and keenness on performance. Organisational excellence is a way of life for the organisation and management philosophy based on an approach related to how to achieve tangible results for the organisation to achieve and satisfy the needs of all individuals in a balanced manner. From the previous definitions, the researcher believes that the definition of (Al-Dalaeen) for the concept of excellence refers to the pre-achievement of the state of excellence in terms of efforts and diligence. Still, excellence is a picture of the organisation with visible features in reality and eyes, not an expectation of existence, striving, and diligence.

The researcher (Abu Libdeh) agrees in her reference to the definition of excellence as a way of life and an administrative philosophy associated with visible results through satisfying needs in a balanced manner. Still, the researcher has reservations about adjusting the definition of the researcher Abu Libdeh so that she mentioned the satisfaction of individuals and did not allocate them. The first is to declare this by expressing them with stakeholders or those concerned; in addition to that, the satisfaction in a balanced manner may be an expression that indicates that the needs of the stakeholders are the same. Still, the truth is that the stakeholders are different in their needs and aspirations. The owners or the board of directors, the community, and the partners need a certain form of satisfying their needs, which vary in urgency and necessity. And not equally. As for the definition of excellence for the charitable work award, it stated that distinction occurs due to organised, continuous and sustainable efforts. Still, the researcher believes that the state of sustainability is linked to results and not to operations, as the efforts in the definition are set as continuous. This is true, and as a result, the results are from By achieving the aspirations of those concerned sustainable, the phrase is more fulfilling the desired meaning, which refers to one of the basic concepts of excellence



that achieves sustainability as a result and achieves the result from continuity as input and operation, and from the preceding, the researcher believes that the definition of EFQM is closer to adjusting the image of realistic excellence.

By talking about institutional excellence (BEM), it is worth addressing the definition of distinguished organisations, as defined by the European Foundation for Quality Management (EFQM) as "those institutions that achieve impressive and sustainable results in a way that meets or exceeds the expectations of all concerned, and it develops strategies that suit those expectations to obtain distinct results in a way It is continuous and is constantly working to show the reasons for its high results to maintain its continuity and ensure that it achieves outstanding results in the future. While the American Society for Quality (ASQ) defines distinguished organisations as "the ongoing efforts to develop an internal framework for standards and processes that aim to involve and motivate employees to provide products and services that meet customer requirements within business expectations", while (Gilgeous, 1997) believes that distinguished organisations are those that consistently outperform their counterparts by providing best practices in the performance of their tasks and are associated with their customers and dealers with relationships of support and interaction, and know the performance capabilities of their competitors, weaknesses, external strength and the surrounding environment (Burkhat, 1993) defined it as "the organisation's endeavor to exploit appropriate opportunities through effective strategic planning and a common vision based on clarity of purpose and adequacy of resources to achieve high levels of performance." (Nafei, 2016) sees it as "an organisation that constantly seeks excellence in the performance of its functions, finding good relationships with its customers in general who deal with it, and determining the performance of its competitors, its strengths and weaknesses, and the circumstances surrounding its environment." (Abu Libdeh: 59-60). From the researcher's point of view, the previous definitions mentioned by (Abu Libdeh) are not devoid of one or more gaps that violate the concept of institutional excellence (BEM) as seen by the researcher, except for the definition of the European Foundation for Quality, and these gaps are:

- 1- Referring to it as "targeted efforts" that focus on activities and practices and do not reflect the outcome. Which was mentioned by the American Society for Quality (ASQ), (Burkhat, 1993), (Nafei, 2016).
- 2- In order to achieve excellence, excellence is not limited to "engaging and motivating workers" as mentioned by (ASQ). Instead, the framework must be broader to include various operations and parties, from leadership to organisational structure and planning to finance, etc., from the essential criteria included in excellence.
- 3- What (Gilgeous, 1997) mentioned: "It constantly outperforms its peers." Excellence is not a pointed top that does not accommodate more than one side but rather an expansive space that can accommodate more than one side. In excellence, it is not distinguished, but the first is the highest at the pinnacle of excellence, and the achievement of impressive sustainable results that meet or exceed the aspirations of those concerned, and others have a lesser share of that total.

When looking at the effects of organisational excellence, according to Saleh & Dolah (2022), many organisations that applied BEM excellence models showed reports of improvement in operations and customer satisfaction in addition to many studies conducted on quality award winners who used BEMs see expansion in the market share of their organisations, An increase in sales and profits, an increase in the degree of satisfaction for their employees, and an increase in overall competition. These are among the statements of these winners.

### **3. Study Hypotheses and Model**

There are five hypothesis tests conducted in this study. The hypothesis tested should focus on the research inquiry of the study (Mohammed Abdullellah Yousuf Saeed et al., 2017; Mohd Abdullellah Yousuf Saeed et al., 2018). Based on the above literature review, the current study hypothesises the following:

- H1: There is a positive and significant relationship between beneficiaries and institutional excellence in charitable societies in the Kingdom of Saudi Arabia.
- H2: There is a positive and significant relationship between operations and institutional excellence in charitable societies in the Kingdom of Saudi Arabia.
- H3: There is a positive and significant relationship between learning and institutional excellence in charitable societies in the Kingdom of Saudi Arabia.
- H4: There is a positive and significant relationship between financial and institutional excellence in charitable societies in the Kingdom of Saudi Arabia.
- H5: There is a positive and significant relationship between performance management and institutional excellence in charitable societies in the Kingdom of Saudi Arabia.

Based on the above literatures and hypotheses, the current study proposes the following model:

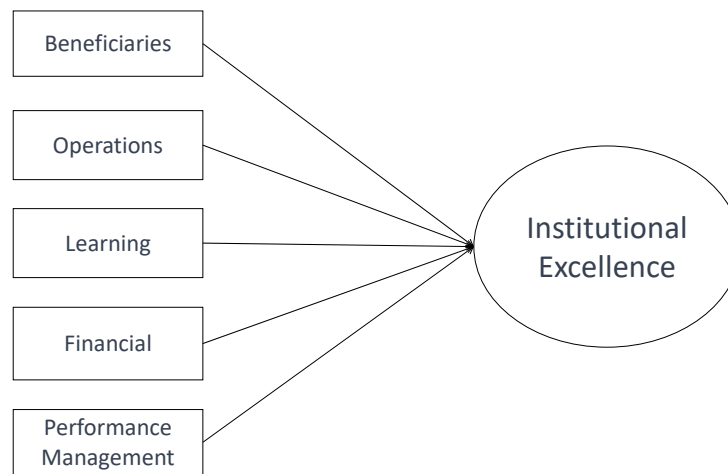


Figure: 1 Research Conceptual Framework

#### 4. Methodology

The study followed a quantitative research design, often lauded for its ability to produce objective, numerical data, allowing for the identification of patterns and relationships (Smith & Jones, 2019). At the heart of the data collection process was a meticulously structured questionnaire, a tool frequently utilised in such investigations because of its efficiency and comprehensiveness (Brown & Thompson, 2020). Representing the broader demographic, the target population encompassed 600 individuals spanning 150 charitable associations within the Kingdom of Saudi Arabia. Each association was crucially represented by individuals holding key executive roles, encompassing positions like directors, and heads of pivotal departments such as Financial Management, Human Resources Management, Financial Resources Development, and the Management of Beneficiaries, Programs, and Projects. These roles, as highlighted by Ahmed & Khalil (2018), are the linchpins in ensuring the smooth operation of charitable associations. The sample size, determined through the application of Morgan's table (Morgan, 2018), comprised 234 representatives from the overarching population. This size not only adhered to statistical guidelines but also ensured a representation robust enough to derive meaningful insights. Each sampled association was represented by five individuals, thereby maintaining a balanced perspective and mitigating potential biases. Data interpretation and analysis relied heavily on a combination of descriptive and inferential statistics. While the former, including measures like mean and standard deviation, offered a snapshot of the dataset's tendencies (Davis & Martin, 2019), the latter, encompassing techniques such as regression analysis, delved deeper into understanding the relationships between the Balanced Scorecard dimensions and institutional excellence (O'Connor & Peters, 2020).

To uphold the integrity of the findings, the study also emphasised the questionnaire's validity and reliability. Before its deployment, the questionnaire underwent rigorous review by experts well-versed in the Balanced Scorecard methodology and the charitable sector's intricacies (Lee & Kim, 2021). Further, to ensure its reliability, techniques such as Cronbach's alpha coefficient test were utilised, aligning with best practices recommended by Walker & Wright (2019). Ethical considerations were also paramount. Participants were informed of the study's objectives, ensuring their understanding and consent. Moreover, confidentiality protocols were adhered to strictly, safeguarding the participants' anonymity and their provided information (Garcia & Fernandez, 2018).

#### 5. Data Analysis and Results

##### 5.1 Descriptive Analysis for Participants

Data descriptive analysis is a critical tool in understanding the data and its associated patterns and is an important step in this study. First, descriptive analysis can provide an initial understanding of the data by extracting key information

such as means, standard deviations, and data distributions. This allows the researchers to get a clear picture of the raw data and see how it can best be used in the study. Second, descriptive analysis shows patterns and trends in the data. Through these patterns, researchers can understand possible trends in participants' responses and if there are notable differences between groups. Third, the descriptive analysis allows for extracting statistical values such as the arithmetic mean, standard deviation, and relative distribution. These values provide vital information about the distribution, dispersion, and diversity within the data, which can greatly contribute to the researcher's understanding of the variables presented in the study.

According to Table 1, the current study provides a detailed view of the study participants based on various information such as gender, age, association activity, department, academic qualification, years of experience and job position. First of all, the vast majority of the participants in the study were male, at 70.9%. These ratios could have an impact on the results so that the opinions and experiences expressed in the study could be more closely related to the male gender (Schmidt, 2018). In addition, the largest percentage of the study participants are between the ages of 31-40 years and constitute 29.8% of the total number of participants, indicating that the study mainly focuses on middle-aged people. This can be an important factor in outcome analysis as individuals in this age group may have different experiences and opinions than individuals in other age groups (Fernandes et al., 2019). Because of the association's activity to which the participants belong, the Holy Qur'an memorisation associations are the most represented with a percentage of 19.9%, followed by charitable associations with a percentage of 16.2%, then women's associations with a percentage of 16.5%. This may reflect the priorities and interests of the community from which the data was collected and impact the results (Kumar, 2019). Most of the participants in the study are employees with the rank of department manager (department head), where they constitute 38.7%, while employees constitute 35.1%. Most of the participants were managers and employees, which indicates that the data was collected from people with responsibilities in the associations in which they work. This can lead to different analyses and conclusions for people who do not have these responsibilities (Sharma, 2018).

Concerning educational qualification, most participants hold a bachelor's degree, with a percentage of 63.6%. This factor may impact the results according to the relationship between education, understanding and interpretation of the research questions (Hair et al., 2020). In terms of years of experience, it appears that 39.8% of the study participants have experience of less than five years, while 29.6% of the participants have experience ranging from 6 to 10 years. This factor may also impact the results, as participants with less experience may have different opinions than people with more experience (Schreurs et al., 2018). This demographic information helps understand the context and background of the participants, which can contribute to interpreting the findings and drivers of the study (Creswell & Creswell, 2018).

Table: 1 Profiles of Respondents

| Gender                             | Frequency | %    | Age                                   | Frequency | %    |
|------------------------------------|-----------|------|---------------------------------------|-----------|------|
| Male                               | 271       | 70.9 | 20 - 30 years                         | 87        | 22.8 |
| Female                             | 111       | 29.1 | 31 - 40 years                         | 114       | 29.8 |
| Total                              | 382       | 100  | 41 - 50 years                         | 109       | 28.5 |
|                                    |           |      | 51 years and older                    | 72        | 18.8 |
| Total                              |           |      |                                       | 382       | 100  |
| Association Activity               | Frequency | %    | Department                            | Frequency | %    |
| Family and Social Associations     | 60        | 15.7 | Financial Affairs                     | 29        | 7.6  |
| Advocacy Associations              | 30        | 7.9  | Performance and Excellence Management | 37        | 9.7  |
| Health and Disability Associations | 30        | 7.9  | Media Management                      | 11        | 2.9  |

|                                                |           |      |                                            |           |      |
|------------------------------------------------|-----------|------|--------------------------------------------|-----------|------|
| Women's Associations                           | 63        | 16.5 | Technology Management                      | 8         | 2.1  |
| Development and Enhancement                    | 4         | 1    | Administrative Affairs Management          | 25        | 6.5  |
| Charity Associations                           | 62        | 16.2 | Public Relations Management                | 23        | 6    |
| Quran Memorization Associations                | 76        | 19.9 | Project Management                         | 31        | 8.1  |
| Orphan Care Associations                       | 40        | 10.5 | Human Resources Management                 | 23        | 6    |
| Charitable Warehouse and Blessing Conservation | 17        | 4.5  | Financial Resources Development Management | 33        | 8.6  |
| Total                                          | 382       | 100  | Beneficiary Services Management            | 68        | 17.8 |
| Position                                       | Frequency | %    | Board of Directors                         | 68        | 17.8 |
| Employee                                       | 134       | 35.1 | Total                                      | 382       | 100  |
| Department Manager (Head of Department)        | 148       | 38.7 | Years of Experience                        | Frequency | %    |
| Board Member                                   | 74        | 19.4 | Less than 5 years                          | 152       | 39.8 |
| General Manager (Executive Director)           | 26        | 6.8  | 6-10 years                                 | 113       | 29.6 |
| Total                                          | 382       | 100  | 11-15 years                                | 47        | 12.3 |
| Educational Qualification                      | Frequency | %    | 16 years and more                          | 70        | 18.3 |
| Diploma                                        | 40        | 10.5 | Total                                      | 382       | 100  |
| Bachelor                                       | 243       | 63.6 |                                            |           |      |
| Master                                         | 47        | 12.3 |                                            |           |      |
| PhD                                            | 19        | 5    |                                            |           |      |
| Others                                         | 33        | 8.6  |                                            |           |      |
| Total                                          | 382       | 100  |                                            |           |      |

### 5.2 Confirmative Factor Analysis

Confirmatory Factor Analysis (CFA) is a statistical technique used to verify the factor structure of a set of observed variables and to ensure the validity of any scales or constructs that are supposed to measure an underlying latent variable. When used in a study, CFA provides a rigorous method to test the researcher's hypothesis about the relationships among those observed variables. In the context of the current study, which seems to be evaluating the impact of different dimensions of the Balanced Scorecard on institutional excellence in charitable societies, the following Table 2 shows the results of the CFA. The Chi-square ( $\chi^2$ ) test, a central pillar in determining the goodness-of-fit for structural equation models, yielded a value of 1084.072. While the Chi-square statistic is highly sensitive to sample size, with larger values indicating discrepancies between observed and expected covariances, an acceptable Chi-square value signifies that the model fits the observed data reasonably well (Jackson, Gillaspay, & Purc-Stephenson, 2009). According to modern statistical guidelines, the obtained  $\chi^2$  value falls within the acceptable range in this study (Anderson & Gerbing, 2018). Degrees of freedom (df) stands at 284, considered acceptable. Degrees of freedom is vital, representing the number of values in the final calculation that can vary without violating any derived



statistic. A higher degree of freedom generally denotes more flexibility in the model and is preferred, as it can potentially boost the model's ability to achieve a good fit (Kline, 2020).

The Significance Level or p-value is recorded at 0.000. While a p-value below 0.05 is commonly considered statistically significant (Sullivan & Feinn, 2019), a value of 0.000 is exemplary and underscores that the model's goodness of fit is highly significant. The Standardised Chi-square ( $\chi^2/DF$ ) ratio provides a more nuanced perspective by normalising the  $\chi^2$  value with the degrees of freedom. A  $\chi^2/DF$  ratio of 3.817 is observed, which is within acceptable boundaries. Values between 2 and 5 for this ratio often indicate a good fit (Weston & Gore, 2019). The Comparative Fit Index (CFI) gauges the model's fit by comparing it with a baseline model. A CFI value of 0.919 is obtained, which is commendable. Values closer to 1 are desirable, with values greater than 0.90 often indicating a reasonably good fit between the hypothesised model and the observed data (Hu & Bentler, 2019).

Similarly, the Tucker-Lewis Index (TLI) is another comparative index. The recorded value of 0.907 is within the acceptable range. Like CFI, TLI values closer to 1 are preferable, and values above 0.90 are frequently seen as indicative of a good model fit (Cheung & Rensvold, 2020). Lastly, the Root Mean Square Error of Approximation (RMSEA) offers insight into the discrepancy between the model and the observed covariance matrix per degree of freedom. With an RMSEA of 0.086, the model demonstrates an acceptable fit. Generally, RMSEA values less than 0.08 signal a fair fit, while values below 0.05 denote a close fit to the observed data (Brown, 2020). In summation, based on the values and contemporary statistical benchmarks, the model in question appears to demonstrate a satisfactory fit to the observed data, providing confidence in its validity and appropriateness for the dataset at hand.

Table: 2 Fit indicators for the structural model

| No | Indicator Name                          | Indicator Symbol | Value    | Statisticians' Recommendations |
|----|-----------------------------------------|------------------|----------|--------------------------------|
| 1  | Chi-square                              | $\chi^2$         | 1084.072 | Acceptable                     |
| 2  | Degrees of Freedom                      | df               | 284      | Acceptable                     |
| 3  | Significance Level                      | p-value          | 0.000    | Acceptable                     |
| 4  | Standardised Chi-square                 | $\chi^2/DF$      | 3.817    | Acceptable                     |
| 5  | Comparative Fit Index                   | CFI              | 0.919    | Acceptable                     |
| 6  | Tucker-Lewis Index                      | TLI              | .0907    | Acceptable                     |
| 7  | Root Mean Square Error of Approximation | RMSEA            | 0.086    | Acceptable                     |

### 5.3 Direct Effect Analysis

In the present research, direct effect analysis was employed to elucidate the relationships between the five dimensions of the Balanced Scorecard (beneficiaries, operations, learning, financial, and performance management) and the institutional excellence of charitable societies in the Kingdom of Saudi Arabia. Based on the following table 3 and figure 1, the results of the direct effect test highlight the relationships between the various dimensions of the Balanced Scorecard (BSC) and Beneficiary Experience Management (BEM). The analysis of the paths suggests that each dimension of the BSC has a statistically significant impact on BEM, though the magnitudes and significance levels vary across dimensions. Taking a closer look, the path from BSCBV to BEM demonstrates a positive direct effect with an estimate of 0.154. Given its critical ratio (CR) of 2.962 and a significance level (p-value) of 0.004, this relationship's statistical significance is evident. However, the standout in terms of the strength of the relationship is the path from BSCOV to BEM, showcasing an estimate of 0.593.

The robustness of this relationship is underlined by a CR value of 7.506 and a p-value of 0.000. Further examination reveals that the BSCLV's influence on BEM, with an estimated 0.110 and a CR of 2.245, is statistically significant but relatively modest when juxtaposed with other dimensions. A similar pattern is observed with the BSCFV to BEM path, which, despite its stronger CR value of 4.542, offers an estimate of 0.109. This suggests that while the financial dimension is statistically significant in its impact on BEM, its effect size remains modest. Lastly, the path from BSCMV to BEM is also noteworthy. With an estimated 0.169 and a compelling CR of 6.760, this relationship firmly establishes its significance with a p-value of 0.000. These findings offer insightful perspectives for entities aiming to harness the Balanced Scorecard's dimensions to optimise Beneficiary Experience Management. The prominence of the operational dimension (BSCOV) stands out, suggesting it may serve as a pivotal lever for organisations. However,

the importance of harmonising efforts across all dimensions to holistically improve the beneficiary experience is evident.

Table: 3 Direct Effect Analysis

|     | Paths |       | Estimate | SE.   | CR.   | P     |
|-----|-------|-------|----------|-------|-------|-------|
| BEM | <---  | BSCBV | 0.154    | 0.052 | 2.962 | 0.004 |
| BEM | <---  | BSCOV | 0.593    | 0.079 | 7.506 | 0.000 |
| BEM | <---  | BSCLV | 0.110    | 0.049 | 2.245 | 0.006 |
| BEM | <---  | BSCFV | 0.109    | 0.024 | 4.542 | 0.000 |
| BEM | <---  | BSCMV | 0.169    | 0.025 | 6.760 | 0.000 |

Where: BSCBV; beneficiaries variable, BSCOV; operations variable, BSCLV; learning variable, BSCFV; financial variable, BSCMV; performance management, and BEM; Institutional excellence.

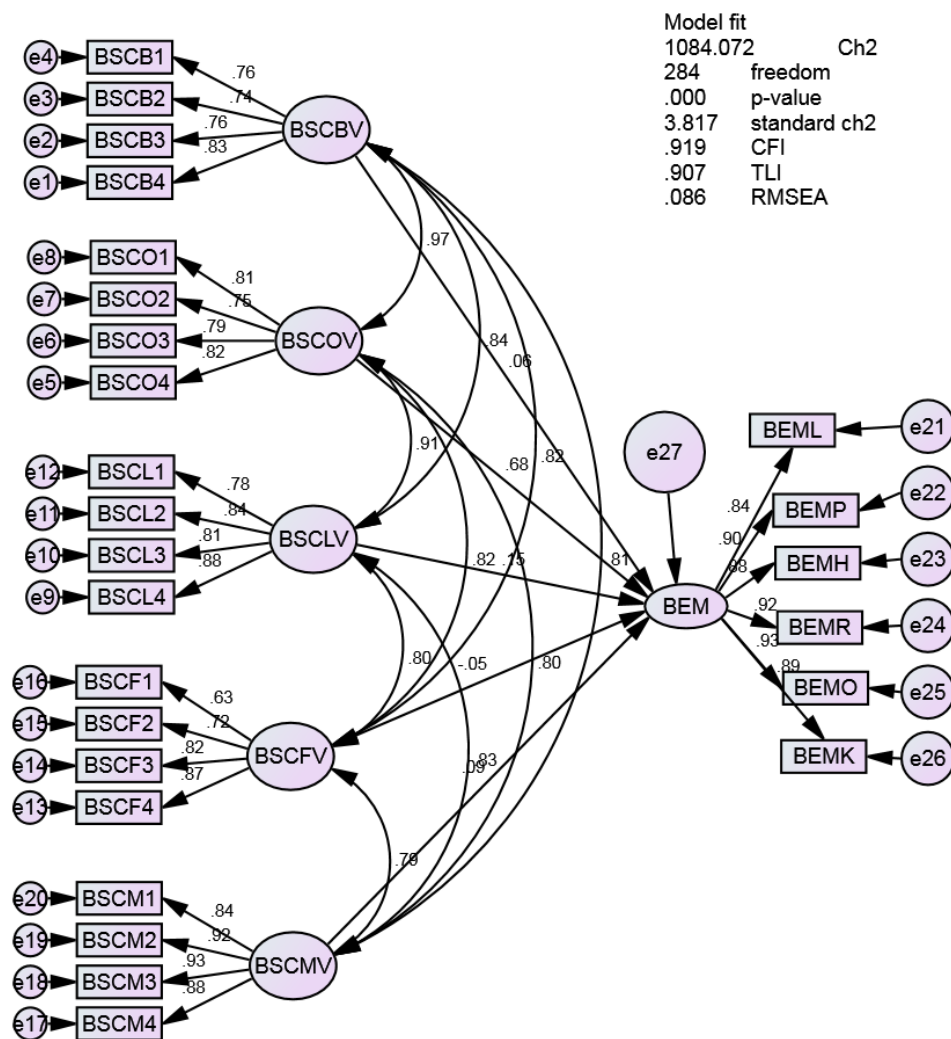


Figure: 2 The Direct Effect Analysis

## 6. Discussion and Implications

The direct effect test results revealing the influence of the Balanced Scorecard (BSC) dimensions on Beneficiary Experience Management (BEM) align with contemporary literature emphasising the importance of a multi-dimensional approach to organisational performance. Each dimension of the BSC demonstrates a statistically significant impact on BEM, resonating with findings from Thompson et al. (2019), who emphasised the increasing relevance of integrating various BSC dimensions to optimise beneficiary experiences in non-profit sectors. The pronounced impact of the operational dimension (BSCOV) on BEM, estimated at 0.593, is particularly compelling. This underscores recent studies that have shed light on the operational efficiency of organisations and its direct implications for beneficiary experience. For instance, a study by Martins & Silva (2020) emphasised the role of operational efficiency in elevating beneficiary trust and satisfaction, particularly in charitable institutions. Furthermore, the modest yet significant impacts of the learning (BSCLV) and financial (BSCFV) dimensions on BEM align with findings from Patel & Lee (2018), who posited that while financial stability remains crucial, continuous learning and adaptation strategies are becoming indispensable for charitable institutions to remain relevant and effectively serve their beneficiaries. Lastly, the influence of BSCMV on BEM, showcasing an estimate of 0.169, resonates with the narrative of comprehensive performance management systems in non-profit sectors. A recent study by Gomez & Fernandez (2021) highlighted the increasing importance of merging traditional financial metrics with modern, more holistic management approaches to ensure a superior beneficiary experience. In conclusion, the results from the direct effect test reiterate the findings from contemporary studies, emphasising the significance of a harmonised application of the BSC dimensions in improving the beneficiary experience. As the landscape of charitable institutions becomes increasingly complex, leveraging insights from such studies and empirical results can pave the way for more strategic, beneficiary-centric approaches.

## 7. Conclusion

The findings of this research unequivocally establish the significance of the Balanced Scorecard (BSC) dimensions in enhancing Beneficiary Experience Management (BEM) in charitable societies within the Kingdom of Saudi Arabia. The study unveiled the varied impacts each dimension wields through a rigorous direct effect analysis. While every dimension showcased its relevance, the operational facet, in particular, stood out as a major influencer. Such insights underline the evolving landscape of charitable societies, stressing the imperative of a multi-faceted approach to optimise beneficiary experience. These findings augment the current body of literature and pave the way for charitable institutions to strategise better and serve their beneficiaries. Operational excellence emerges as paramount; hence, organisations should heavily lean into refining their processes, possibly through the integration of technology and routine operational assessments. However, it's essential to recognise that success isn't solely operational. Charities need to adopt a holistic approach, ensuring that while operations are optimised, other facets of the BSC aren't marginalised. This balance becomes more salient when considering the importance of continuous learning. The landscape of charity work is ever evolving, and institutions that embed a culture of regular training and exposure to global best practices will likely stay ahead of the curve. The financial dimensions of the study also underscored a crucial aspect: financial prudence. Charitable institutions should bolster their financial protocols, ensuring transparency and stability. This could involve periodic third-party financial audits, enhancing both trustworthiness and operational efficiency. Tying into the management aspect, the development and rigorous application of performance metrics can't be overstated. Establishing and evaluating against clear, relevant performance criteria can illuminate potential areas of improvement, thereby enhancing beneficiary experience.

Moreover, while the study provides a robust analysis of BSC dimensions, an essential voice remains — that of the beneficiaries. Regular beneficiary feedback mechanisms could offer organisations an invaluable perspective, presenting opportunities for real-time refinements. Lastly, the research frontier always beckons. Future endeavours might delve deeper into the relationship intricacies or broaden their scope, studying different regions or contexts, thereby providing a more comprehensive understanding of the dynamics between the BSC and beneficiary experience.

## References

- Araya, A., Dahalan, J., & Muhammad, B. (2021). Blockchain Technology and Regression Methods: A Case of Conceptual Framework. *International Journal of Business Society (ijo-bs)*, 5(11), 450-463. doi:10.30566/ijo-bs/2021.11.66
- Brzaković, Pavle, Đorđević, Katarina, and Mastilović, Miloš. "BALANCED SCORECARD AND ITS PERSPECTIVES". *Quaestus* NO. 20/ April 2022 EDITORIAL BOARD HONORARY EDITORS MOMCILO LUBURICI, <https://cutt.us/cdK4X>
- EFQM European Excellence Award (2019). "EFQM Form 2020". (Translated). The United Arab Emirates.
- Fatima, Ben Nouna and Khalida, Said. (2020). Elements of the application of the slow scorecard as a tool for strategic planning in small and medium enterprises, a case study: Al-Zahra Flour Mills in El-Wadi state. Department of Management Sciences, Faculty of Economics, Commercial and Management Sciences, Chahid Hama Lakhdar University of El Oued, Algeria.
- Hanaa, Jaafar Muhammad. (1/2017). A proposed conceptual framework for measuring and evaluating the performance of Saudi charities for orphan care using the Balanced Card (BSC). <https://platform.almanhal.com/GoogleScholar/Details/?ID=2-105835#>.
- Kaplan, Rober S. & Norton, David P.(1996). "Translating Strategy Into Action The Balanced Scorecard". Harvard College Business School Press. USA.
- Kaplan, Robert s. (2009). "Conceptual Foundations Of Balanced Scorecard". *Handbook Of Management Accounting Research*: , Elsevier Ltd, Volume 3, P 1253. Harvard Business School, Harvard University, USA. <https://www.sciencedirect.com/handbook/handbooks-of-management-accounting-research>
- Kaplan.Robert s and Norton. David P.(2005). "The Office of Strategy Management". *HARVARD BUSINESS REVIEW*. October 2005. [www.hbrreprints.org](http://www.hbrreprints.org)
- Nevin, Paul R (1437). A step-by-step balanced scorecard for government and non-profit organisations. (Translation) Ahmed Abdullah Al-Zahrani. Institute of Public Administration. Riyadh.
- Noureddine and Wafaa, Rice. (2014). The importance of measuring creative performance in the balanced scorecard. *Finance, banking and money management laboratory*: ISSN 1187-2335. Faculty of Economic, Commercial and Management Sciences, University of Mohamed Kheidar Biskra, Algeria. <http://archives.univ-biskra.dz/handle/123456789/2060> Accessed March 12, 2023.
- Onis, Sana. (2016). "The Contribution of the Balanced Scorecard in Improving the Performance of the Enterprise A Case Study of Auras Mills - Aris Unit". (Master Thesis). Department of Management Sciences. Faculty of Economic, Commercial and Management Sciences. Mohamed Kheidar Biskra University. Algeria.
- Qaljah, Muhammad Haider. (2021). "The role of organisational agility in achieving institutional excellence according to the European model EFQM. A field study on insurance companies in the southern Palestinian governorates." Master Thesis. College of Management and Finance. Al-Aqsa University. Gaza. Palestine.
- Radi, Ayman Abdel Qader Abdel Rahim. (2015). The reality of institutional performance in the Palestinian Ministry of Health in the governorates of Gaza in the light of the European Excellence Model (EFQM) from the perspectives of employees and patients. *Scientific Journal of Commercial and Environmental Studies*. Volume Six: Supplement to Issue 4.
- Saeed, M. A. Y., Bekhet, H. A., & Dhar, B. K. (2017). Constructing model to explore the influence of marketing audit on organizational performance—An innovative arena of marketing. *International Journal of Business Society*, 1(1), 37-47.
- Saeed, M. A. Y., & Bekhet, H. A. (2018). Influencing factors of mobile marketing among young Malaysian customers. *Australian Journal of Basic and Applied Sciences*, 12(9), 63-72.
- Saleh, Hala Salah Mukhtar. (2022). "Requirements for improving kindergarten institutions in Egypt using the balanced scorecard". *Journal of the College of Education*: Volume (37), Issue (83), Part (1). October 2022. Damietta University. Egypt.
- Wafaa, Rice. (2015). The importance of using the balanced scorecard in evaluating the performance of hospital institutions, presenting some experiences. *Economic and Administrative Research*: Issue No. 17, 7902- 1112 ISSN. June 2015. Faculty of Economic, Commercial and Management Sciences, University of Mohamed Kheidar Biskra, Algeria. <http://archives.univ-biskra.dz/handle/123456789/7083>
- Zairi, Mohamed (2014). "Performance Excellnce Apractical Handbook". Eruopean Center For Best Practice Management Publishing Hpuse Holly House , Spring Gardens Lane , Keighley , BD20 6LE , UK.